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Chiang Announces New Protections, Legislation for Owners of Unclaimed Property

Web Site Now Helps Owners Claim Property Before it is Sent to the State

SACRAMENTO – State Controller John Chiang today unveiled an additional tool to help California property owners protect bank accounts, securities and other assets that have been deemed abandoned by financial institutions, utility companies and other businesses.

Consumers who search the Controller's Unclaimed Property Web site at www.ClaimIt.ca.gov will not only be able to claim property that already was sent to the State under the Unclaimed Property Law, they also will be able to identify abandoned property *before* it is transferred to the State. The Web site addition provides contact information for the business holding the property so that the rightful owners can reestablish contact with the business and prevent their property from being sent to the State. The Web site can be searched in both English and Spanish. The Controller's Office is working on adding other languages in the future.

"This important tool empowers people by providing them with the means to search for a forgotten utility refund or an old checking account and reclaim it from the bank or other business," Chiang said. "Property owners can quickly contact the company, reactivate their accounts or take other steps to ensure that their cash, stocks and safe deposit box contents remain in their possession."

Since businesses in November reported the names of owners of abandoned property still in their possession, the Controller has mailed 141,267 individual notices, urging those owners to contact the business and keep their property from being transferred to the State. About 500,000 more notices are scheduled to be mailed out during the next two weeks.

Last year, Controller Chiang sponsored successful reform legislation to lift restrictions that prevented him from notifying individuals believed to be the owners of unclaimed property already sent to the State. Since the enactment in August of SB 86, the Controller has mailed 558,589 notices to those property owners – individuals he legally could not have contacted without his reform bill.

The Controller also today announced he is sponsoring two legislative proposals to build on the reforms that benefit unclaimed property owners.

SB 1319, authored by Sen. Michael Machado (D-Linden) would restore paying interest on unclaimed property sent to the State, a practice that ended in 2003. Under the bill, the State will pay simple interest at the 13-week Treasury bill rate from the time the property is received.

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The bill also will reduce from 180 days to 90 days the maximum time the State Controller's Office has to process claims, and enable the Controller to preserve property deemed to have no commercial value for seven years. The legislation would ban financial institutions from sending safe deposit box items to the State if the owner has another active account with the financial institution, and require banks to inform customers when they open a safe deposit account that the contents may be sent to the State after three years of inactivity.

"It is the State's responsibility to reunite unclaimed property with its rightful owner and this bill will give the State Controller additional tools through which he will be able to find those owners in a timely manner," stated Senator Machado.

Chiang is also sponsoring AB 2221, authored by Assemblywoman Lois Wolk (D-Davis). Current law generally provides that businesses must send lost or abandoned property to the State after three years of account inactivity. This bill would lengthen the period of inactivity to five years, and would triple the notices to owners from holders.

"The purpose of the unclaimed property law is to safeguard properties that have been apparently lost or abandoned by owners from being used for private gain. Unfortunately, the short time limit of three years before that 'lost or abandoned' determination is made has proven totally insufficient for far too many Californians," said Wolk. "This bill would give rightful owners more time to claim their lost property from the business holder, while also requiring these financial institutions to triple their efforts to locate property owners before turning dormant accounts over to the state."

Created in 1959, the Unclaimed Property program is intended to safeguard abandoned or forgotten property – such as bank accounts, utility deposits or stock certificates – from being lost during mergers or bankruptcies, drawn down by service or storage fees, or simply used by private interests for personal gain, either through an unwillingness to find the owner or greed.

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